



**Portland General Electric**

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September 10, 2021

***Via Electronic Filing***

Public Utility Commission of Oregon  
Attention: Filing Center  
PO Box 1088  
Salem, OR 97308-1088

Re: UM 2165, Investigation into a Transportation Electrification Investment Framework

Filing Center:

Portland General Electric (PGE) appreciates the opportunity to participate in and offer follow-up comments on Staff's August 27 UM 2165 workshop, focusing on implementation of House Bill (HB) 2165 and HB 3055.

As we noted in the discussion with Staff and stakeholders during the workshop, our general recommendations as Staff reviews the legislation and advises the Commission on steps needed for implementation are as follows:

- To the extent possible, leverage existing Transportation Electrification (TE) regulatory processes rather than create new and potentially overlapping processes for related requirements.
- Where appropriate, establish processes for implementation of new TE-related legislative mandates through guidelines adopted via Commission orders, rather than rulemaking. This would provide ample opportunity for stakeholder input on utility budgets and plans and allow Commission flexibility if adjustments are needed.
- Take advantage of existing forums and mechanisms to combine opportunities for stakeholder input on related TE programs and regulatory processes, so stakeholders with limited resources and time - especially from underserved communities - can provide and utilities can receive holistic feedback on TE efforts without being stretched across too many forums and dockets.

With respect to issues and questions posed by Staff, PGE offers the following recommendations:

**Collecting the TE Charge**

PGE believes the statute regarding collection of the TE charge established by HB 2165 is clear, so no additional rulemaking is needed for that aspect of administering the charge and utilities can file tariffs through standard advice filing processes. PGE expects to propose a revised Schedule 150 for this purpose.<sup>1</sup> Our intent is to file by the end of October to allow Staff, stakeholders, and the Commission time to review, and the Commission time to approve, for an effective date of January 1, 2022 (the

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<sup>1</sup> In UE 394, Exhibit 1200, PGE proposed to recover costs associated with TE programs that are not already in customer prices through a new tariff schedule, Schedule 150. We envision that schedule being dedicated to TE and thus, also used to collect the TE Charge.

effective date of the law). Schedule 150 can then be amended as necessary later in the year to address the outcome of UE 394 (PGE's general rate case).

HB 2165 provides clear direction on how to calculate the total TE Charge and specifies that it should be collected from all retail electricity customers. PGE will propose that the surcharge be allocated to each existing schedule using the applicable schedule's forecasted energy, with an equal percent of revenue applied on a cents per kWh basis to each applicable rate schedule. Long-term opt out and New Load Direct Access customers will be priced at the equivalent cost-of-service rate schedule. This is the same approach we currently take for energy efficiency charges.

PGE has access to the information needed to prepare the TE Charge tariff in the manner outlined above. We note that the tariff advice filing process allows for stakeholders to provide comment and Staff has a central role in reviewing PGE's proposal and making a recommendation to the Commission for consideration at a Commission public meeting.

### **TE Charge budget development and reporting**

Budgeting and reporting on TE charge expenditures is an area where the Commission can and should incorporate new HB 2165 requirements into existing regulatory processes rather than create new ones.

ORS 757.357 requires that TE Charge funds must be expended by the electric company "consistent with a budget approved by the Public Utility Commission" and "on elements contained within the electric company's transportation electrification plan accepted by the commission." The statute also requires that the electric company account for all revenues and expenditures "on a schedule and in the manner prescribed by the commission."

Nothing in the statute requires that the Commission develop a stand-alone process or rules, and PGE believes this process can fit neatly within the Division 87 rules governing utility TE Plan submission and acceptance. Consequently, we recommend that the Commission issue TE Charge budgeting guidelines in the form of a Commission order, instructing electric companies to submit their TE Charge budget as part of their TE Plan and report on revenues and expenditures as part of the subsequent TE Plan, with interim updates to Staff and stakeholders. In keeping with this, we recommend the TE Charge budgets be allocated on a multi-year basis to enable multi-year programs and capture economies of scale.<sup>2</sup>

By incorporating TE Charge budget development and reporting into the existing TE Plan and planning process, the Commission can streamline coordination, reporting, and review and ensure alignment between the plans and the TE Charge budget. It will also allow Staff and stakeholders a holistic view of utility efforts in support of TE and their funding streams and allow them to provide appropriate input and recommendations as the utilities develop their plans. This will be especially important in facilitating streamlined input from environmental justice communities whose advocates are already stretched thin, as we seek their input across multiple program and policy areas, given the requirement that 50 percent of the TE Charge proceeds be directed to support TE in underserved communities.

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<sup>2</sup> We note that while TE Plans are *accepted* by the Commission, the law requires that spending of the funds be based on budgets *approved* by the Commission. This suggests Commission consideration of budget approval within Commission acceptance of the plan.

### **Program Offerings Supported by the TE Charge**

PGE anticipates that some programs supported by the TE Charge may require accompanying program tariffs. Once the company's TE Plan is filed in February 2022, PGE plans to submit related tariff offerings in advice filings for Commission approval. Filings will demonstrate how the programs fit in with the TE Charge budget and the approved TE Plan.

In each of the above areas - TE Charge collection, budgeting, reporting, and program tariffs - we are interested in clear timelines for regulatory approval of these various elements, given the significant body of work and review TE now represents for the OPUC and OPUC Staff.

### **HB 2165 implications for TE investment framework for infrastructure, non-infrastructure measures**

PGE views the definition of infrastructure measures in HB 2165 as clear without the need for additional rulemaking. As we have noted in prior comments, we believe TE infrastructure measures should not be evaluated through benefit-cost analysis (BCA) and should instead be treated as any other utility service or asset investment on behalf of customers, for purposes of cost recovery.

Given that these TE-related infrastructure measures are newer and may be slightly different from other standard utility infrastructure investments that are currently reviewed for prudence in general rate cases, it may be appropriate for the Commission to provide guidelines to utilities informed by the legislative language in Section 4(4)-4(5) of HB 2165. Such guidelines would provide more clarity about the reasonableness of utility infrastructure measure spending in anticipation of prudence determinations.

Expenditures outside of infrastructure measures should be governed by requirements associated with their specific programs, such as TE Programs (under ORS 757.357), the TE Charge or the Clean Fuels Program.

### **Supporting and engaging underserved communities**

Active engagement, input, and participation among underserved communities are critical to an equitable transition to an electrified transportation system and thus to the development and implementation of utility TE programs. In this context, PGE believes it is useful to maintain a consistent definition of underserved communities across different program areas, and that the description of the term in HB 2165 can help serve that purpose. We recommend against a rulemaking or other Commission guidance that might narrow or otherwise change the statutory description in HB 2165 Section 2(6).

PGE anticipates that representatives of the communities identified in the statute will help guide PGE's selections as we evaluate and make funding decisions and proposals to benefit underserved communities under the TE Charge budget and TE programs in general. PGE also expects to consult with representatives of the environmental justice community in developing metrics to measure and demonstrate program effectiveness, which would then be subject to Staff and Commission review and approval as part of the program tariff approval process.

Utilities now have multiple forums - including this one, for example - where we work with community-based organizations and environmental justice and advocacy groups to better understand the needs of underserved communities. Our outreach programs for the Distribution System Plan and Clean Fuels

Program Plan offer other examples. We anticipate leveraging the relationships developed through these other outreach efforts, as well as the Community Benefits and Impacts Advisory Group outlined in HB 2021, once it is established, in developing our TE Charge budgets and prioritizing investments in underserved communities.

One challenge for utilities – and stakeholders – in this effort is that TE is just one of the program and policy areas where our work will affect underserved communities. The Community Benefits and Impacts Advisory Group, for instance, is likely to have a broad scope already (within PGE we are still discussing the group’s role and will need to work with stakeholders to thoroughly define it). There will likely be a need for more in-depth engagement and feedback in other forums to address the full range of TE-related policy considerations.

The Commission can help by anticipating public processes that will include new parties with new perspectives and different levels of exposure to OPUC procedures, including:

- Developing meeting protocols/agreements that ensure a safe space for respectful discourse, as has been done in the UM 2165 workshop series
- Ensuring proper context regarding procedure and participation is provided and understood so those with a seat at the table can engage meaningfully
- Facilitating discussion to elevate multiple perspectives in a balanced manner during the Commission’s formal and informal processes
- Designing processes to guard against participation fatigue for newcomers
- Incorporating high level guidance regarding utility engagement with and investment in underserved communities in guidelines around the TE Charge budgeting process, including guidance on BCA and prudency review
- Evaluating investments and metrics proposed by utilities as part of the budgeting process
- Reviewing program evaluation reports and learnings as part of the (biennial) reporting process

## **Conclusion**

In each of our recommendations and observations above, PGE is focused on helping to develop streamlined yet inclusive processes to implement the Legislature’s and Commission’s directives. Our purpose is to develop effective TE programs and strategies that benefit all electric utility customers, and that support Oregon’s climate and equity goals.

We appreciate the collaborative spirit we see among Staff, utilities, and stakeholders in the UM 2165 workshops, and look forward to continuing that spirit as we move toward a draft TE investment framework in the months ahead.

Thank you,

*/s/ Karla Wenzel*

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